

January 31, 2013

Mr. Jeff Derouen
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

Re: Withdrawal of Blue Grass Energy's Touchstone Energy Manufactured Home Program Tariff

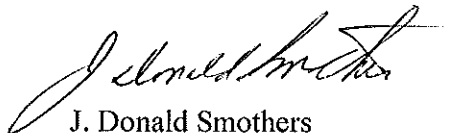
Dear Mr. Derouen:

Please find attached for electronic filing with the Commission the above-referenced tariff withdrawal. Blue Grass Energy is requesting approval to withdraw its Touchstone Energy Manufactured Home Program Tariff sheet number 152. Blue Grass Energy's Heat Pump Retrofit Program tariff sheet number 168 has been designed to supersede the Touchstone Energy Manufactured Home Program tariff. Note that revisions to the Heat Pump Retrofit Program tariff were approved by the Commission on January 15, 2013.

The Touchstone Energy Manufactured Home Program Tariff was designed to promote the purchase of Energy Star Manufactured Homes (\$250 rebate) or to promote the retail member to install a heat pump in the manufactured home instead of the typical electric resistance heat furnace (\$150 rebate). Blue Grass Energy is requesting the withdrawal of this tariff for two reasons. First, Blue Grass Energy has experienced very low participation in the Touchstone Energy Manufactured Home program since the Commission originally approved the program on November 8, 2002 (Case No. 2002-00313) due to the higher cost and local availability of Energy Star certified manufactured homes. Second, East Kentucky Power Cooperative, Inc. ("EKPC") has updated the benefit/cost analysis for the Heat Pump Retrofit program resulting in an increased rebate (incentive) to the retail member for heat pump installations. New manufactured homes are eligible for the Heat Pump Retrofit rebate.

Please contact me if you have any questions.

Very truly yours,



J. Donald Smothers
Vice President, Financial Services & CFO

Attachments